



Risk Management



Department Description

The Risk Management Department manages the City's self-insured Workers' Compensation Programs; coordinates public liability and loss control measures intended to forecast and reduce the City's exposure to risks; administers employee health and safety programs, employee benefits contracts, and programs including employee savings plans, the Long-Term Disability Plan, and the Employee Assistance Program (EAP).

The Department's mission is

To effectively prevent, control, and minimize the City's financial risk while providing optimum services to the City's employees and the public through the centralized administration of healthcare, safety, loss control, employee benefit and other risk management programs

Goals and Objectives

The following goals and objectives represent the action plan for the Department.

Goal 1: Maintain good stewardship over City finances

In order for the City to operate in the most efficient and effective manner possible, we must be good stewards of the City's finances. We must promote cost effective strategies and continue to improve accountability within the Department. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Meet reserve policy targets
- Deliver services in a cost-effective manner

Goal 2: Reduce risk and loss exposure

In the past, the City focused on reacting to issues that may arise. It is our goal to reduce risk and loss exposure and create a more proactive culture within the City. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Promote and encourage behaviors that minimize loss
- Promote the importance of employee safety
- Identify and monitor loss metrics

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Service Efforts and Accomplishments

As a result of recent internal reviews and external operational assessments and in response to rapidly rising workers' compensation costs, Risk Management developed an optimization plan. This plan continues to increase all City departments' awareness of the areas where losses are occurring and where resources should be applied to reduce the volume and subsequent costs of incidents. The Safety and Environmental Health Division is working with City departments to develop aggressive, prevention-oriented programs intended to increase safety awareness and accountability while lowering injury rates and costs. The Workers' Compensation Division has implemented best practices for claims administration, including a Medical Provider Network for the optimal treatment of the City's injured workforce.

Budget Dollars at Work: Performance Expectations

Goal 1: Maintain good stewardship over City finances

Performance Measure	Baseline FY2007	Estimated FY2008	Target FY2009
1. Reserve balances in millions (and percentage of reserve goals) at the beginning and ending of fiscal year for Long Term Disability	\$3.0 / 30%	\$3.0 / 30%	\$5.3 / 40%
2. Reserve balances in millions (and percentage of reserve goals) at the beginning and ending of fiscal year for Public Liability	\$0 / 0%	\$0 / 0%	\$11.4 / 20%
3. Reserve balances in millions (and percentage of reserve goals) at the beginning and ending of fiscal year for Workers' Compensation	\$19.3 / 20%	\$19.3 / 20%	\$24.1 / 30%
4. Percent increase/decrease of largest HMO healthcare premiums from prior year relative to industry trend	Industry trend: 11% increase	9.5% increase	7.4% increase
5. Ratio of workers' compensation claims by claim representative compared to industry standards	Industry Standard:150%	City: 159%	City: 159%
6. Ratio of public liability claims by claim representative compared to industry standards	Industry Standard:140%	City: 184%	City: 184%

Goal 2: Reduce risk and loss exposure

Performance Measure	Baseline FY2007	Estimated FY2008	Target FY2009
1. Percent of investigations resulting in Occupational Safety and Health Administration (OSHA) citations	50%	50%	0%
2. Percent of safety audits (conducted in departments with the largest workers compensation exposure) found to have implemented best practices for employee safety	86%	86%	100%
3. Percent increase/decrease of average 'Recordable Injury Incident Rate' (injuries requiring medical attention beyond first aid) as compared to prior year for the seven largest departments ¹	11% decrease	11% decrease	10% decrease
4. Percent increase/decrease of average 'Lost/Rest Rate' (accident cases per 100 full time employees) as compared to prior year for the seven largest departments	24% decrease	10% decrease	10% decrease

¹ The seven largest departments are: Police, Fire-Rescue, Water, Metropolitan Wastewater, Environmental Services, General Services, and Park & Recreation.

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Performance Measure	Baseline FY2007	Estimated FY2008	Target FY2009
5. Percent increase/decrease of 'Lost Days' (lost days as a result of a work-related injury) as compared to prior year for the seven largest departments	10% decrease	10% decrease	10% decrease
6. Percent increase/decrease of workers compensation claims compared to prior year (as an indicator of safety program effectiveness)	7% decrease	6% decrease	8% decrease
7. Number of quarterly Safety Performance Reports that include statistics for the seven largest departments on preventable vehicle accidents (as a first step to initiating a campaign to reduce preventable vehicle accidents)	N/A	N/A	4
8. Percent increase/decrease of preventable accidents compared to prior year for the seven largest departments	37% increase	12% decrease	12% decrease

Budget Dollars at Work: Sizing and Workload Data

	FY2005	FY2006	FY2007	Estimate FY2008	Target FY2009
Sizing Data					
Number of new employees enrolled in the City's benefit programs	511	487	479	343	N/A ²
Number of health care programs provided	21	21	21	13	8
Workload Data					
Number of prevention-oriented training sessions provided by Risk Management	27	25	22	22	22
Number of safety audits completed	7	7	7	7	7
Number of public liability claims managed	3,026	2,375	2,278	2,278	N/A ²
Number of workers' compensation claims managed	3,863	3,723	3,878	3,871	N/A ²
Number of benefit changes processed by Risk Management	2,617	2,968	2,264	1,899	N/A ²
Number of new requests for EAP consultations	323	344	271	184	N/A ²
Number of EAP training sessions (sponsor or participant)	30	32	28	28	28

² Cannot accurately set target for data.

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Department Summary

Risk Management				
	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 PROPOSED	FY 2008-2009 CHANGE
Positions	58.25	84.25	82.75	(1.50)
Personnel Expense	\$ 4,972,698	\$ 7,397,451	\$ 7,153,618	\$ (243,833)
Non-Personnel Expense	\$ 4,995,587	\$ 1,676,483	\$ 1,828,347	\$ 151,864
TOTAL	\$ 9,968,285	\$ 9,073,934	\$ 8,981,965	\$ (91,969)

Department Staffing

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 PROPOSED
RISK MANAGEMENT ADMINISTRATION			
Risk Management			
Administration	7.50	7.00	7.00
Employee Benefits	0.00	17.00	17.00
Public Liability & Loss Recvry	17.00	17.00	17.00
Safety & Environmental Health	0.00	9.00	9.00
Workers' Compensation	33.75	34.25	32.75
Total	58.25	84.25	82.75

Department Expenditures

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 PROPOSED
RISK MANAGEMENT ADMINISTRATION			
Risk Management			
Administration	\$ 4,647,571	\$ 910,114	\$ 916,063
Employee Benefits	\$ 2	\$ 1,377,026	\$ 1,586,763
Public Liability & Loss Recvry	\$ 1,831,563	\$ 1,907,775	\$ 1,795,688
Risk Management	\$ (114,055)	\$ 25,043	\$ (163,072)
Safety & Environmental Health	\$ -	\$ 869,972	\$ 940,063
Workers' Compensation	\$ 3,603,204	\$ 3,984,004	\$ 3,906,460
Total	\$ 9,968,285	\$ 9,073,934	\$ 8,981,965

Risk Management

Significant Budget Adjustments

RISK MANAGEMENT ADMINISTRATION

Risk Management	Positions	Cost	Revenue
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2008 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and other benefit compensation.	0.00 \$	96,496 \$	0
Consultant Services Increase Additional funding for consulting services for the Supplemental Pension Savings Plan (SPSP) and the 457-Management Plan.	0.00 \$	105,000 \$	0
Funding for the Enterprise Resources Planning (ERP) System This System will integrate all data and processes of the City's core functions into a unified data system. The ERP will replace independent applications the City has in place that will eliminate the need for external interfaces, provide a range of standardization, reduce maintenance, and allow for greater reporting capabilities.	0.00 \$	67,135 \$	0
Funding for the Enterprise Resource Planning (ERP) Limited Positions Addition of 1.00 limited Clerical Assistant II and associated revenue to backfill FTE assigned to the Enterprise Resource Planning (ERP) project implementation.	1.00 \$	58,300 \$	58,803
Balancing BCR Fiscal Year 2009 adjustment to balance revenue and expenditures.	0.00 \$	0 \$	(2,673,043)
Revised Revenue Adjustment to reflect Fiscal Year 2009 revenue projections.	0.00 \$	0 \$	95,329
Support for Information Technology Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00 \$	(6,536) \$	0
Non-Discretionary Adjustments to expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.	0.00 \$	(13,735) \$	0
Vacancy Savings Adjustments in personnel expense from positions that are projected to be vacant for a period of time in Fiscal Year 2009 due to personnel transition and salary differentials for new employees.	0.00 \$	(163,072) \$	0

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Significant Budget Adjustments

RISK MANAGEMENT ADMINISTRATION

Risk Management	Positions	Cost	Revenue
Savings from the Five-Year Financial Outlook	(2.50) \$	(235,557) \$	0
Adjustments to personnel and non-personnel expenses, and revenue as a result of budget reductions discussed in the City's Five-Year Financial Outlook. These reductions are further described in Volume I, "Budget Overview and Schedules".			

Expenditures by Category

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 PROPOSED
PERSONNEL			
Salaries & Wages	\$ 3,316,041	\$ 4,765,050	\$ 4,634,618
Fringe Benefits	\$ 1,656,657	\$ 2,632,401	\$ 2,519,000
SUBTOTAL PERSONNEL	\$ 4,972,698	\$ 7,397,451	\$ 7,153,618
NON-PERSONNEL			
Supplies & Services	\$ 4,192,845	\$ 747,793	\$ 967,718
Information Technology	\$ 774,860	\$ 879,766	\$ 809,557
Energy/Utilities	\$ 23,882	\$ 41,022	\$ 43,170
Equipment Outlay	\$ 4,000	\$ 7,902	\$ 7,902
SUBTOTAL NON-PERSONNEL	\$ 4,995,587	\$ 1,676,483	\$ 1,828,347
TOTAL	\$ 9,968,285	\$ 9,073,934	\$ 8,981,965

Salary Schedule

RISK MANAGEMENT ADMINISTRATION

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Class	Position Title	FY 2008 Positions	FY 2009 Positions	Salary	Total
1105	Administrative Aide I	0.50	0.50	\$ 43,820	\$ 21,910
1218	Assoc Management Analyst	1.00	1.00	\$ 64,335	\$ 64,335
1256	Benefits Representative II	9.00	9.00	\$ 39,397	\$ 354,573
1340	Claims Aide	9.50	9.00	\$ 43,781	\$ 394,026
1341	Claims Clerk	12.75	12.75	\$ 36,893	\$ 470,390
1343	Claims Representative II	18.50	18.50	\$ 63,651	\$ 1,177,541
1348	Info Systems Analyst II	1.00	0.00	\$ -	\$ -
1349	Info Systems Analyst III	1.00	1.00	\$ 71,601	\$ 71,601
1391	Supv Claims Representative	4.00	4.00	\$ 77,578	\$ 310,312
1406	Employee Assistance Counselor	1.00	1.00	\$ 62,461	\$ 62,461
1407	Employee Benefits Specialist II	1.00	0.00	\$ -	\$ -
1417	Employee Benefits Specialist I	2.00	2.00	\$ 53,812	\$ 107,624
1429	Employee Assistance Program Manager	1.00	1.00	\$ 80,525	\$ 80,525
1535	Clerical Assistant II	3.00	4.00	\$ 35,402	\$ 141,608

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Salary Schedule

RISK MANAGEMENT ADMINISTRATION

Risk Management

<i>Class</i>	<i>Position Title</i>	<i>FY 2008 Positions</i>	<i>FY 2009 Positions</i>		<i>Salary</i>		<i>Total</i>
1811	Rehabilitation Coordinator	1.00	1.00	\$	70,130	\$	70,130
1816	Claims & Insurance Manager	3.00	3.00	\$	85,907	\$	257,721
1823	Safety Officer	2.00	2.00	\$	70,176	\$	140,352
1826	Safety Representative II	4.00	4.00	\$	60,959	\$	243,834
1876	Executive Secretary	1.00	1.00	\$	52,009	\$	52,009
1879	Sr Clerk/Typist	1.00	1.00	\$	43,313	\$	43,313
1917	Supv Management Analyst	1.00	1.00	\$	80,127	\$	80,127
1937	Sr Claims Representative	3.00	3.00	\$	69,860	\$	209,581
1972	Safety & Training Manager	1.00	1.00	\$	79,948	\$	79,948
2157	Risk Management Director	1.00	1.00	\$	134,252	\$	134,252
2214	Deputy Director	1.00	1.00	\$	117,000	\$	117,000
	Vacancy Savings	0.00	0.00	\$	-	\$	(140,555)
	Ex Perf Pay-Classified	0.00	0.00	\$	-	\$	4,224
	Temporary Help	0.00	0.00	\$	-	\$	85,776
	Total	84.25	82.75			\$	4,634,618
RISK MANAGEMENT TOTAL		84.25	82.75			\$	4,634,618

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Revenue and Expense Statement (Non-General Fund)

RISK MANAGEMENT ADMINISTRATION 50061

	FY 2007* BUDGET	FY 2008* BUDGET	FY 2009* PROPOSED
BEGINNING BALANCE AND RESERVE			
Balance from Prior Year	\$ -	\$ -	\$ 2,426,942
TOTAL BALANCE	\$ -	\$ -	\$ 2,426,942
REVENUE			
City Contributions - General Fund	\$ 7,666,630	\$ 6,043,385	\$ 4,601,939
City Contributions - Other Funds	\$ 3,949,476	\$ 3,030,549	\$ 1,953,084
Services Rendered to Others	\$ 522,056	\$ -	\$ -
TOTAL REVENUE	\$ 12,138,162	\$ 9,073,934	\$ 6,555,023
TOTAL BALANCE AND REVENUE	\$ 12,138,162	\$ 9,073,934	\$ 8,981,965
OPERATING EXPENSE			
Operating Expenses	\$ 6,257,451	\$ 9,073,934	\$ 8,981,965
Transfer to Other Funds	\$ 5,693,854	\$ -	\$ -
TOTAL OPERATING EXPENSE	\$ 11,951,305	\$ 9,073,934	\$ 8,981,965
TOTAL EXPENSE	\$ 11,951,305	\$ 9,073,934	\$ 8,981,965
BALANCE	\$ 186,857	\$ -	\$ -
TOTAL EXPENSE, RESERVE AND BALANCE	\$ 12,138,162	\$ 9,073,934	\$ 8,981,965

* At the time of publication audited financial statements for Fiscal Year 2007 were not available. Therefore, the Fiscal Years 2007 and 2008 columns reflect final budget amounts from the Fiscal Year 2007 and 2008 Annual Budgets. As such, balances and reserves do not reflect carryover from the previous fiscal year.